Income Tax Index Health Benefit Plan Credit

Question: What is the Health Benefit Plan Credit?

Answer:

For tax years 2000 and 2001 eligible resident individuals could take a credit against Colorado income tax for certain health benefit plan premiums paid. [§39-22-125, C.R.S.].

This credit was generally available to lower income individuals who were not covered by health insurance at any time during the year prior to the year the credit was first claimed. The credit applied only to fully insured funds and did not apply to Medicare, Medicaid or self-funded insurance plans.

Definition of Health Benefit Plan

For the purposes of this credit, "health benefit plan" meant any hospital or medical expense policy or certificate, hospital or medical service corporation contract, or health maintenance organization subscriber contract or any other similar health contract subject to the jurisdiction of the Colorado Insurance Commissioner available for use, offered, or sold in Colorado. [§10-16-102 (21) (a), C.R.S.].

"Health benefit plan" did not include: Accident only; credit; dental; vision; medicare supplement; benefits for long-term care, home health care, community-based care, or any combination thereof; disability income insurance; liability insurance including general liability insurance and automobile liability insurance; coverage for on-site medical clinics; coverage issued as a supplement to liability insurance, workers' compensation or similar insurance; or automobile medical payment insurance. The term also excluded specified disease, hospital confinement indemnity, or limited benefit health insurance if such types of coverage do not provide coordination of benefits and are provided under separate policies or certificates. [§10-16-102 (21) (a), C.R.S.].

CREDIT ALLOWED

The credit allowed was the amount paid for a health benefit plan up to a maximum of \$500, but the credit could not exceed the income tax due for the tax year for which it is claimed. Any unused credit could not be refunded or carried forward as credit toward subsequent year's income tax. No more than one health benefit plan credit was allowed for any one household.

Payments made by a taxpayer or their employer for a health plan provided through the employer did not qualify for this credit. Further, this credit was not allowed for health plan payments that were deducted from federal adjusted gross income for that tax year.

ELIGIBLE INDIVIDUALS

Colorado resident individuals who purchased or paid premiums for a health benefit plan for themselves, their spouse or their dependents were allowed a credit against Colorado income tax under the following conditions and income limits:

Benefit Plan Conditions

- The resident individual, their spouse or their dependent were not covered by a health benefit plan for any part of the income tax year immediately preceding the income tax year for which they are claiming this credit; or
- The resident individual was allowed and was eligible to claim this credit for the income tax year immediately preceding the income tax year for which they claimed this credit.

Income Limitations

The following limitations are based on income for the calendar year immediately preceding the tax year for which the credit was claimed. For example, a taxpayer claiming this credit for the tax year ending December 31, 2001, was limited based on his/her calendar year 2000 income.

- For individuals filing a single return with no dependents, federal adjusted gross income could not exceed \$25,000.
- For two individuals filing a joint return with no dependents, federal adjusted gross income could not exceed \$30,000.
- For two married individuals with no dependents filing separate returns, combined federal adjusted gross income could not exceed \$30,000.
- For individuals with dependents, couples with dependents filing jointly or two married individuals with dependents filing separately, federal adjusted gross income may not exceed \$35,000.